INTERNATIONAL NEWS

U.S. chains: Success possible, but elusive

Culture, costs & changing tastes cited

By Elizabeth J. Block

TOKYO — Fourteen years after Kentucky Fried Chicken brought the fast-food era to Japan, American chain operations appear to be thriving. KFC and McDonald's Japan each is approaching 500 units, Mr. Donut has 458, Denny's has about 200, and Dairy Queen Japan has more than 150.

They are particularly thriving in this densely packed capital (11.7 million).

But these rapidly expanding companies do not tell the whole story. More foreign copanies actually fail in Japan than succeed.

Some chains, including Hardee's and Long John Silver's, have closed down their units in Japan altogether. Others, such as Dunkin' Donuts, Winchell's, International House of Pancakes, Victoria Station and Big Boy, are engaged in what can be called holding operations. Wendy's and Shakey's, after several years of stagnation, now appear to have embarked on vigorous expansion programs. Arby's only entered the market recently.

"While American chains have played a big role in bringing marketing and management skills to Japan, many American companies don't perform well here," says Kazu Katoh, managing director of the Japan Foodservice Chain Association. "They are often not prepared for the cultural differences, the high costs and, most of all, the rapid changes in consumer tastes."

With about half as many people as in the United States, in one-twenty-sixth the space, Japan is the most competitive consumer market in the world. And Katoh points out that the competition has grown more intense, since Japanese companies have had time to learn the theory and practice of chain operations.

Also, Japanese consumers, never particularly loyal, have grown more discriminating. When "Maku-Do-Na-Ru-Do Han-Ba-Ga," as McDonald's is known here, was the only purveyor of the burger in town, the chain was able to attract all young Japanese with what was seen as new and exciting Western food. Obviously, matters have changed.

Japanese chains are challenging American chains in every fast-food sector, including burgers, doughnuts and ice cream. In addition, chains like Hoka-Hoka-Tei, a 1,500-unit operation, bring fast-food merchandising to the traditional Japanese lunch box.

Kentucky Fried Chicken in Japan acts in a joint venture with Mitsubishi, which wanted a KFC franchise to help utilize the output of its Japan Farm subsidy.

Contenders in the burger category are First Kitchen, with 54 units, operated by Suntory, the big distiller; the Korean-owned Lotteria chain, with about 400, and Morinaga-Love, with more than 100. These compete directly with McDonald's.

Besides First Kitchen, Suntory has launched about a dozen food-service operations, including a croissant shop, dinnerhouses, wine pubs and café bars. Similarly, Daiei, Japan's largest retailer, which holds the franchises for Wendy's, Big Boy and Victoria Station, has several domestic subsidiaries, including 344 Dipper Dan ice-cream shops, 43 Donut Arts shops and several hundred Dom-Dom, a budget burger operation.

In the family-restaurant category, Denny's Japan, operated by Ito-Yokado, a leading retailer, has 204 units and is adding 25 to 30 each year. But the chain's chief imitators, Skylark and Royal Host, with 366 and 192 stores, respectively, are expanding rapidly and throwing off new casual-type restaurant concepts with names like Yesterday's, aimed at an affluent young market.

These units derive a higher proportion of sales from alcoholic beverages, and checks average about $5.80, compared with $3.50 at family restaurants, according to Katoh.

To meet the challenge, Denny's has unveiled its own up-market prototype in Yoga, an affluent Tokyo suburb. Although the unit retains the

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Fast-food chains cope with unstable British economy

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of total food-away-from-home sales.

Of Britain's approximately 21,000 fast-food restaurants, 420 specialize in chicken, 9,000 in fish and chips, 1,300 in burgers, 1,200 in pizza, 5,800 in various ethnic foods and 3,200 in other menu items.

KFC, which operates 61 company units, mostly in London, and franchises another 304 to 150 licensees, has embarked on an expansion course that could double its total units over the next few years. "I know we can have 700 stores in the whole country," Barnes declares. "There are vast areas where we don't have any yet."

While parent R. J. Reynolds has committed millions of dollars to a worldwide KFC expansion program, unit growth in Britain may be slowed until the economic picture brightens. Despite a dramatic turnaround that began here in 1982, KFC is still plagued with chronically low unit volumes—a chainwide problem and one that is particularly acute in these islands, where the average KFC reports annual sales of no more than $351,000, compared with $540,000 in the United States.

When KFC kicked off its massive repositioning effort in 1982, the situation was even bleaker. Average unit volumes were an anemic $245,000 (by today's exchange rate). That was up 6% from the previous year, but the gain came entirely from menu price increases and new store openings. In addition, the number of chickens sold in 1982 was off 7%, compared to 1981.

Even though such outside forces as high levels of unemployment (especially among KFC's core customers, young males), runaway inflation and increased competition were hurting KFC, officials realized there were some other problems, too.

In an effort to identify its weaknesses and strengths, KFC began a consumer survey, paying particular attention to nonusers and "lapsed customers." While Barnes declined to reveal the results of that research, he said demographics showed KFC was particularly vulnerable to "outside forces."

The chain's core customers were younger and more "downscale" than typical fast-food users; its heavy users were even younger and more downscale. One in 4 of its regular customers was unemployed and particularly sensitive to menu price increases. Lapsed customers were mostly women or married couples with children at home.

KFC also had an image problem and a weak price/value perception among consumers, according to the survey. On the positive side, blind taste tests showed that more than 80% of those surveyed rated KFC's chicken either "excellent" or "good."

The key to repositioning the chain in Britain, according to Barnes, was to improve KFC's value and switch traffic patterns from late night to lunch and dinner. The chain restructured its menu, adding chicken sandwiches and bargain-priced buckets. Several stores were remodeled, with new signs, menu boards and display counters, and new service systems were instituted to improve worker productivity.

A new training center was opened, and chainwide the emphasis was on basics. A mystery shopper program began with stricter standards for quality, service and cleanliness. Franchisees were asked to increase their advertising contributions, and KFC's agency, Young & Rubicam, drew up a new advertising campaign.

Results were immediate and quite dramatic. The chicken sandwich was a hit, capturing 10% of total sales, half of which were incremental. New dayparts were built. Dinner bucket sales rose from 7% of total sales to 23% of total. Lunch packs, which accounted for less than 1% of sales, jumped to 5% of total.

From March 1982 to March 1983, 38% of the menu shifted through the broader customer base. Total weekly sales rose in that period from $4,200 a unit to $6,150 a unit (at today's exchange rate).

"Family business was really evident in the shops," marketing director Tony Lainchbury recalls. "You actually saw Mom and Dad lining up with the kids for the Bargain Buckets."

Just as important was the change in attitude throughout the KFC system, Lainchbury says. KFC officials visited each franchisee with the formidable task of persuading them to invest seven margin points and about $14,000 a unit in the repositioning and remodeling programs. Armed with the results of the first test stores, they had an easier selling job.

"Some franchisees didn't want the whole package until they saw the results," Lainchbury recollects. Almost the entire franchisee system joined the program. When a franchisee in the Midlands balked, KFC bought back 13 units and the territory.

"It was a very special attitude that developed in those test stores," Barnes says. "For example, the counter girls knew the percentage increases, the sales totals, and they were proud of what we were accomplishing."

Having turned around KFC Britain, chain officials are particularly distressed at the new problems they are coming up against with the VAT, the high unemployment rate and rising wholesale prices. They are also keeping an eye on competition, especially from local brewers, who are evincing considerable interest in food service.

Barnes notes that giant brewing firms, such as Whitbread, are becoming more interested in food service. Whitbread has signed a joint venture with Pizza Hut to convert many pubs to fast-food units. And the Brewers' Society disclosed in August that 78% of brewers' multimillion-dollar capital investment over the next three years will be spent refurbishing pubs.

INTERNATIONAL NEWS

Shifting tastes main impediment to success

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Denny's name and menu, it is distinguished by a country-style exterior and a soft interior decor with Art Deco touches.

Since space is limited, land costs are often as much as 10 times the American average. Competition for affordable high-traffic sites is keen.

Deposit fees—a typical consideration in commercial leasing here—may go as high as $2 million to $5 million in fashionable shopping areas, such as the Ginza. A street-level location often commands twice the price of a basement site.

Wendy's, which incurred high costs with its pilot unit on the Ginza, is now more cautious. "You have to look carefully at each site," says Rich Tamura, managing director of Wenco, Japan, Wendy's franchise organization here.

"For example, a site on a main street may involve double the deposit fees for a nearby back-street site. But will it do double the business? We say no. We think we can do as much as 80% of the volume at some back-street sites with proper merchandising."

The chain is credited with remarkable foresignt in choosing a slightly seedy alley location in Shinjuku, one of the most expensive areas in all Tokyo. Since Wendy's entered the area, several fast-food chains have followed, and the street is booming.

Besides being expensive, real estate sites are often much smaller than comparable American sites. Much adaptation is required. "Real estate deals are complicated," says Alan Zemek, senior analyst with Red Lobster in Japan. "For example, our Roppongi unit, which seats 185, is actually assembled from two buildings. And that is not unusual over here."

Most chains rely on a larger company for capital and contacts, as well as guidance through the distribution system. For example, KFC is in joing venture with Mitsubishi, a diversified company that originally sought out a KFC franchise to help utilize the output of its Japan Farm subsidiary, the country's largest producer of hogs and poultry. Shakey's, in which Mitsubishi also has an interest, obtains favorable cheese contracts through the company's trading arm.

'Most chains rely on a larger company for capital and contacts, as well as guidance through the distribution systems.'

But sponsorship by a large company is not in itself a guarantee of success. Critics say that large companies often keep a languishing operation open to save face. Also, a joint-ven-ture partner may exert undue interference. Autonomy is appreciated. "We have an excellent relationship," Rick Watt of Dairy Queen Japan says of the chain's joint-venture partner, Marubeni. "They function mainly as stockholders."

As in the United States, fast-food operations in Japan have demonstrated a tendency to move up-market. However, Wendy's, which entered the market in 1980, found itself a bit ahead of the pack.

The chain, which now has 23 stores in metropolitan Tokyo, encountered price resistance with a large burger costing Y340 ($1.40) vs. the standard burger price of Y200 (83¢). In return for higher prices, the chain provided fresh rather than frozen beef, seating for everyone and far more comfort than that found elsewhere at the time.

Although these benefits were not immediately appreciated, Wendy's appears to have been on the right track. A general upgrading trend is evident. For example, McDonald's, which originally offered little or no seating, is now opening larger restaurants with plenty of tables and, in one airy new unit in fashionable Roppongi, Art Deco light fixtures.

Similarly, Shakey's, in Japan since 1977, is remodeling all its stores to attract patrons in higher-income brackets. To increase productivity, an average of 10 seats per unit are being added, according to Yuji Yamanaka, president and chief executive officer. Take-out service, now accounting for 8% to 10% of sales, will be emphasized.

Menus are being expanded, and new beer- and vodka-based cocktails are in test. Light beer is being tried out, too.

Shakey's, originally a three-way joint venture among Shakey's International, Kirin Beer and Mitsubishi, is now 90% owned by the two Japanese partners. Currently 28 units are open, of which six have opened since mid-1983, when an expansion program began. Another four or five units are due to open before the end of the year.

The chain has annual sales of $16 million and predicts $20 million this year. Unit sales are about $48,000 a month.

In another type of arrangement, Mr. Donut is now wholly owned by the Duskin Company, a privately held firm that rents cleaning equipment. With 458 stores and gross sales of $142 million a year, the chain is one of the fastest-growing in Japan.

Last year the Japanese partner, perceiving that the American parent company was not doing nearly so well, bought out the licensing rights for a sum said to be in the area of $8 million.

Since then the menu has been enlarged to include four kinds of muffins and a variety of pies—meat, sausage, pumpkin and sweet bean. All products are made at the units.

Frank Dever, head of Red Lobster's international division, has given has shown considerable interest in the Japanese market and the ingredients that determine success. The chain, which started up three test units in 1982 in joint venture with Jusco, yet another large retailer, is satisfied with the results and has recently approved an expansion plan.

"Success in Japan is a matter of three things," says Dever. "You need to do extensive survey research. You need a strong joint-venture partner. And you have to understand Japanese marketing in order to integrate your concept into Japan. We have good people in Tokyo, but we've also hired a Japanese market guy to work in Florida on marketing."

Dever, who believes that the family-restaurant sector is already saturated, is trying to carve out a niche for Red Lobster in Japan comparable to Bennigan's in the United States. With five varieties of lobster heading the menu, priced at Y2,400 (U.S. $10), checks average significantly higher than the family restaurants. But, according to Dever, three annual surveys have identified a ready market.

TOP 20 FOOD-SERVICE COMPANIES IN JAPAN

1983 Rank	Company	Business	Sales (In Millions)	Units
1	**McDonald's**	Burger	$352.7	396
2	**Kozosushi Honbu**	Sushi	283.5	2,215
3	**Restaurant Skylark Co. Group**	Western dishes	281.9	416
4	**Hokka Hokka Tei**	Take-out lunch	250.9	1,583
5	**Daiei Gaishoku Jigyo Group**	Multiple	238.3	1,219
6	**Royal Foods**	Western	237.1	261
7	**Seibu Railways Group Gaishoku Bumon**	Hotel	232.1	
8	**Kentucky Fried Chicken Japan**	Fried chicken	220.0	413
9	**Nippon Shokudo**	Buffet	216.2	163
10	**Seibu Group of Retail Enterprises Gaishoku Bumon (Casa)**	Multiple	212.4	622
11	**Yoronotaki**	Drink shops	205.8	1,618
12	**Lotteria**	Burger	189.5	404
13	**Honke Kamadoya**	Take-out lunch	180.2	1,312
14	**Zenei (Hot Foods)**	Take-out lunch	158.9	1,080
15	**Uokuni Sohonsha**	Catering	151.6	1,069
16	**Denny's Japan**	Western	149.8	195
17	**Fujiya Gaishoku Jigyo Group**	Multiple	136.9	519
18	**Duskin (Mr. Donut)**	Doughnut	132.9	395
19	**New Tokyo**	Multiple	122.5	176
20	**New Magokoro Chain (Kogane-chen Bento)**	Take-out lunch	121.2	980

Source: *Japan Economic Journal*, May 8, 1984

The Japanese food-service industry generated sales of $68.7 billion in fiscal 1983, ended Feb. 28, 1983, up 4% from the preceding year. However, sales of the 100 top-ranking companies were $8.7 billion, up a strong 14.8% from the previous year.

Wendy's Rich Tamura suggests caution is choosing sites. "A site on a main street may involve double the deposit fees . . . but will it do the business?"

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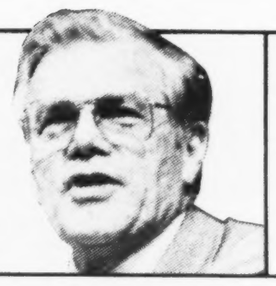

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Nation's **Restaurant News**®

The Weekly Newspaper of the Food-Service Industry

Vol. 18, No. 22 | Published every Monday, 51 times a year, by Lebhar-Friedman Inc.; $1 a copy, $18 a year | October 15, 1984

Operator of the Year Robert Barney, left, and Pioneer award winner Alex Schoenbaum share center-stage at MUFSO.

Operators grope for initiative inside a 'whirlwind of change'

By Charles Forman

DALLAS — Fierce competition and uncontrollable external forces are driving the industry to launch a scattergun blast of new food products, services and restaurant concepts.

But, instead of resisting change, top officers of the nation's major multiunit operators are scrambling to embrace, even institutionalize, the forces of innovation and initiative—while striving with equal vigor to stick to traditional disciplines.

Pared to its essentials, the message many of these operators delivered at *Nation's Restaurant News*' 25th annual Multi-Unit Food Service Operators (MUFSO) conference is that two years of economic growth has in no way made the food-service marketplace more secure for the future. The tough are going to have to get tougher; survival is at stake.

A profile of Robert Barney plus key MUFSO stories appear on page 3. In-depth MUFSO coverage continues next week.

Robert Barney, Wendy's International chairman and chief executive officer, chosen 1984 Operator of the Year by *NRN*'s readers, remarked that the ever-present shakeout of restaurant companies "is only going to get worse" as competition and segmentation increase.

A securities analyst, Mi-

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New Kraft-CFS combo to challenge Sysco's might

By Charles Bernstein

CHICAGO — Kraft could move into a far stronger contending food-service-distribution position just behind No. 1 Houston-based Sysco when the expected Dart-Kraft Inc. acquisition of giant CFS Continental is completed. Both companies are headquartered here.

Kraft has been trying for years to gain more momentum in food-service distribution. Now its 25 distribution centers and $850 million estimated annual sales would be combined with CFS' 48 distribution centers and $1.35 billion annual sales for a new $2.2 billion total, not far behind Sysco's $2.5 billion. More than that, the deal would give Kraft the benefit of CFS' fuller lines and broader-based distribution facilities.

This deal is part of a rapid acquisition and consolidation trend that has swept the $70 billion food-service-distribution field. PYA Monarch previously boosted its volume to more than $1.1 billion by acquiring Fleming Foodservice; CFS itself acquired Publix Fruit & Produce; Sysco widened its lead by picking off both Railton and Pegler in the Midwest, and Rykoff moved toward the $1 billion mark with the purchase of Chicago-based John Sexton. Yet Martin Brower has remained No. 2, with a $1.7 billion volume, largely based on McDonald's business.

The deal, worth almost $300 million, would be accomplished through an agreed sale of 1.5 million CFS shares at $33 each by chairman Robert Cohn; his brother, president Alvin Cohn, and their families. An additional 1.59 million shares that CFS would sell at $33 a share, and a parent Dart-Kraft tender offer for CFS' remaining 5.6 million shares at the same price, are pending. CFS' stock was running at just under $33 a share on the New York Stock Exchange when the offer was made early this month.

Sources indicated that only one realistic stumbling block loomed. Federal Trade Commission approval is required, and it is conceivable that cer-

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ShowBiz acquires 60 Pizza Time units

By Susan Spedalle

DALLAS — Brock Hotel Corp. said that subsidiary ShowBiz Pizza Place will acquire 60 Pizza Time Theatre stores to convert to a third pizza entertainment concept.

While full details of the agreement were not disclosed, Brock will pay Pizza Time a combination of stocks and warrants to buy shares of stock and cash.

Brock Hotels has long-term debt straddling its ShowBiz units and is not considered a cash-rich company. Some observers, therefore, believe the deal was heavy with stock. (Brock stock has not closed above $5 a share in the past few months and hit $4.75 the day the deal was announced.)

In addition to the units, Brock gained an ironic saving: The company no longer has to write an estimated annual $2.4 million check to Pizza Time.

The payments were a royalty on the sales from ShowBiz's first 160 stores, required as a

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Chocolate: The new after-dinner 'mint'

Fine-dining restaurants target the ultimate dessert consumer

By Marilee Hartley

A growing number of fine-dining restaurants across the country have targeted the ultimate dessert consumer: the chocolate lover, or chocoholic.

Chocoholics don't expect their chocolate thrills to come cheap, and restaurateurs and pastry chefs—themselves often chocoholics—who cater to them have sparked not only dessert sales but, in some cases, customer counts and after-dinner liquor sales as well.

"If there were no chocolate on the menu, a lot of customers would skip dessert and go elsewhere," says pastry chef Ken Olsen, of Van Dyke Place in Detroit. Hard-core chocoholics can also serve as instigators to their fellow diners when it comes time for dessert, restaurateurs say.

Of approximately seven desserts that change each day, five will be chocolate, Ol-

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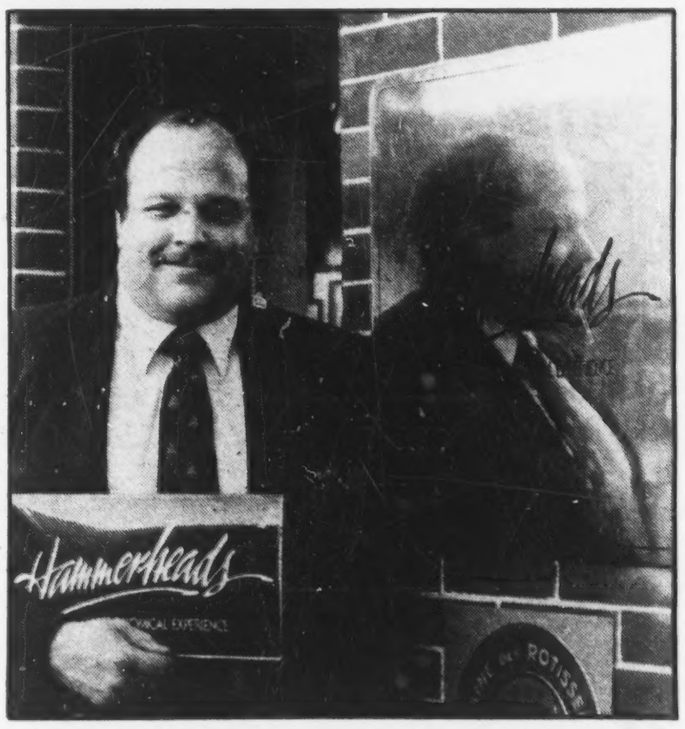

Hammerheads' owner Glenn Hammer's "chocoholic bar" is attracting a crowd.

Barney named MUFSO Operator of the Year

'Everybody said there wasn't room for another hamburger chain.'

By Rick Telberg

DALLAS — Robert L. Barney, chairman and chief executive of Wendy's International Inc., was named Operator of the Year at the Multi-Unit Food Service Operators (MUFSO) conference sponsored by *Nation's Restaurant News*.

In accepting the honors at a gala banquet, Barney ruefully recalled his first MUFSO visit 15 years ago, when Wendy's was in its infancy. "I was in awe of all the important people and all the success stories," he said.

"Everybody said there wasn't room for another hamburger chain," he added.

With founder and mentor R. David Thomas, Barney proved the skeptics wrong. Today Wendy's is the third-biggest fast-food burger chain, with almost 3,000 restaurants worldwide.

Barney was selected from among five other Golden Chain award winners: Ella Brennan, managing partner of Commander's Palace in New Orleans; John Farquharson, president of ARA Services Inc.'s Araserve division; Patrick J. Foley, president of Hyatt Hotels Corp.; G. "Jim" Hasslocher, president of Frontier Enterprises of San Antonio, and Robert Rosenberg, chairman of Dunkin' Donuts of America Inc.

In addition, Alex Schoenbaum, senior chairman of Shoney's Inc., accepted *NRN*'s Food Service Pioneer award, and Oscar Grubert, chairman of Champ's Inc. in Winnipeg, Canada, accepted the first International Golden Chain award.

Thomas was named MUFSO Operator of the Year in 1977, making Wendy's the first company in the 14-year history of the award to win twice.

Born in Ashland, Ky., 47 years ago, Barney began his food-service career in 1962 as a franchisee of Kentucky Fried Chicken in Athens, Ohio.

Barney joined Thomas in 1971 as president of the then-two-unit chain. "Sounds pret-

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Robert and Anita Barney

Robert Barney: The man who turned dream to reality

By an NRN Staff Writer

DALLAS — When Robert L. Barney joined Wendy's in 1971, the company had two restaurants. Both were in Columbus, Ohio, but founder R. David Thomas had the audacity to add the word "International" to the corporate name.

Barney came on board as president. "Sounds like a pretty important position, doesn't it?" Barney quipped recently in his dry sense of humor.

But, more than anyone perhaps, Barney has been responsible for translating Thomas' dreams into reality. Barney weathered breakneck years of growth and harrowing years of change.

Today Wendy's is the third-biggest American hamburger chain, with 2,900 restaurants, including 155 outlets in 12 foreign countries.

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Panel: Pressure is on to cope with constant change

By Marilee Hartley

DALLAS — Restaurant operators across the board—from fast feeders to providers of fine dining—are coming under mounting pressure from ever more trend-conscious consumers to adapt to new national and regional dining-out tastes.

That was the consensus of eight executives of multiunit chains who served as panelists for a well-attended food trends workshop during this year's MUFSO conference here.

Customers are going to expect something new and different from the dining experience, panelists agreed, not only in menu content but also in cooking techniques, food presentation, add-on services and ambience. Panel comoderator Ted J. Balestreri, president of the Sardine Factory, cautioned, "Without change today's great restaurant will surely become tomorrow's mediocre one."

Even ongoing trends can benefit from fine-tuning, according to Delbert Allen, cofounder and executive vice president of Seafood Broiler Restaurants, a 16-unit chain based in Southern California.

The chain pioneered with the mesquite-grilled seafood concept 10 years ago. Despite its basic menu's continuing appeal, Seafood Broiler frequently changes the interior designs of its restaurants and offers new menu items, plate presentations and menu graphics, Allen said.

Many of the panelists emphasized the importance of unusual cooking techniques, provided they are marketed as such, preferably through exhibition cooking. Mesquite and hickory grills, wood-burning brick ovens and exhibition chowder pots in which soups are made to order were cited as three very effective sales stimulants.

Other panelists noted that add-on services, such as gourmet take-out and grocery sections and delivery capabilities, not only can boost sales and profits but can also enhance a restaurant's reputation for quality.

Randall's, a concept owned by the Chicago-based Levy Organization, hiked gross annual sales by $1 million in 1980 by adding a take-out and delivery service, according to president Mark Levy. He predicted a burgeoning demand for "high quality" take-out and delivery.

Attractive food displays and new plate presentations can be an effective method of innovation, several panelists said. "We've found appearance is as important as ingredients in the customer's perception of quality," Levy said.

Crossover concepts, such as the three-year-old Fresher Cooker chain, which combines fast-food service and moderate pricing with fresher, healthier menu items, may set a trend for the future, according to Fresher Cooker's senior vice president for franchising and development, Brian Guilliom.

"Tomorrow's trend is hap-

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COMMODITIES

Long-term outlook for Fla. orange juice gloomy

***NRN* Special Report**

The Florida citrus canker infestation is cause for a gloomy long-term outlook, particularly for the supply of orange juice concentrate. The canker, which was first discovered in late August, couldn't have come at a worse time. While the disease hits all citrus trees, it has almost catastrophic ramifications for orange growers.

Florida orange growers have been hit with four serious freezes since 1978. The most recent was the worst.

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Price Movement at a Glance

	Sept. 28 1983	Aug. 28 1984	Sept. 28 1984
Beans, lima, dry, large Calif. (cwt)	$41.00	$60.00-$62.00	$50.00
Beef, Choice, 700-900 lb., Midwest (lb.)	$ 0.93	$ 0.98	$ 0.89
Broilers, Grade A dressed, icepack, NYC (lb.)	$ 0.4893	$ 0.5719	$ 0.5296
Coffee, green beans, Brazilian, NYC (lb.)	$ 1.38	$ 1.50	$ 1.44
Eggs, Grade A, large white, Chicago (doz.)	$ 0.80	$ 0.64-$0.66	$ 0.67-$0.69
Lettuce, iceberg, Calif. (24s)	$ 5.00-$ 6.00	$ 4.00-$6.00	$10.00
Peas, Fancy 4s, NY State (6/10)	$12.50	$14.75	$15.75
Plums, purple, Choice HS, NW (6/10)	$11.00-$12.00	$13.00*	$15.50
Pork loins, No. 1, 14-17 lb., Midwest (lb.)	$ 0.94	$ 0.96	$ 0.85
Sauerkraut, NY State (6/10)	$ 7.50	$12.09	$11.00

*Average of last prices quoted for 1983-84 pack

Source: NRN *Research*

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

'Happy hour' ban called imminent unless the industry polices itself

By Richard Martin

DALLAS — A nationwide movement to outlaw happy hour-style liquor-sales promotions may well be developing unless restaurant operators adequately respond to the public's dismay over deaths and injuries caused by drunk drivers, industry leaders say.

Talk of imposing such bans is already spreading in such states as California, Massachusetts and Texas. New Jersey officials say they're ready to enact an end to happy hours in their state.

At a panel on liquor liability at MUFSO '84 here speakers said the food-service industry unfairly bears more than its share of blame for loosing thousands of drunk drivers on the nation's highways.

But panelists also agreed there is a need for tangible programs at the individual restaurant level that could reduce the threat of intervention and the risk of financial ruin, which can ensue from third-party liability lawsuits.

"Why should we give up our two-for-one promotions, which can boost volume by 3%, 4% or 5%?" National Restaurant Association (NRA) treasurer Jim Hasslocher, the Texas-based chain operator, asked. "The answer is simple," he said, proposing that it would be easier for the industry to police itself than to give legislators fresh opportunities to ban, tax or otherwise regu-

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MUFSO JOTTINGS

***NRN* Staff Roundup**

NEW PRODUCTS?: Larry Lavine, founder and president of Dallas-based Chili's, had those attending a MUFSO workshop on emerging chains laughing when he preceded his remarks with a slide show that poked fun at food trends. Lavine joked that Chili's was rolling out several new products: an ersatz burger in California made with tofu and bean sprouts, a Texas burger wrapped in a gold watch and priced at $12,000 and an early-bird special for senior citizens in Florida that is served with Geritol and Haley's M.O.

* * *

POLITICKING: Noah Robinson of Chicago, the feisty Wendy's and Bojangles' franchisee, wore a button with the message "Jackson por Presidente" at the conference. Robinson is the half-brother of the Rev. Jesse Jackson, who sought the Democratic presidential nomination.

* * *

BRINKER'S BATTLE: Burger King executives were not at MUFSO this year because the chain was hosting its franchisee convention in Reno, Nev., at the same time. But Norman Brinker, former Burger

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FINANCIAL NEWS

D'Lites stock offering cracks frozen new issues market

By an NRN *Staff Writer*

NEW YORK — The stunning debut of D'Lites of America Inc. on the equities market has sparked speculation that the new issues climate, frozen solid for almost a year, may be thawing.

"It's possible this may be the first sign of a reinvigorated new issues market," said Norman Fosback, editor of *New Issues* newsletter in Fort Lauderdale, Fla.

But another newsletter editor, Terry Keenan, of Philadelphia-based *Going Public: The IPO Reporter,* disagreed.

"D'Lites was an exception," Keenan said. "A lot of companies took advantage of the August rally to get rid of a backlog of registrations. We do not see a new backlog of registrations developing."

Both agreed, however, that the D'Lites offering exceeded expectations. "We haven't seen a new stock received this well in a year," Fosback said.

D'Lites originally intended to sell 1.32 million shares, at $8.50 each. But demand was so strong that D'Lites increased the sale to 1.65 million shares, priced at $9.50 each, netting $13.2 million. The stock reached $13.50 on the first day of trading.

The 21-unit, Atlanta-based fast-food chain is positioned as a high-nutrition, low-calorie alternative to competitors. Its burgers, for example, are 82% lean, compared with 76% lean at other chains.

The 1.65 million shares sold to the public represent 36% of the 4.6 million shares outstanding after the offering.

In other new issues developments, Club Med Inc., the fixed-price resort company, went public for $51 million, and Restaurant Management Services Inc., a Macon, Ga., Shoney's franchisee, revived an initial offering plan shelved since April.

Club Med Inc., which issued 22% of its stock, operates 16 resorts in the Western Hemisphere.

The offering was increased by 425,000 shares to three million and came out at $17 per share, the top of the expected range.

Restaurant Management Services hopes to price 672,000 shares at $10 to $13 each. About 433,000 shares are being sold by the company and the rest by current shareholders.

FOOD-SERVICE CHAIN STOCK ANALYSIS TABLE

Losers swamp gainers, 67-16; 16 unchanged

By Rick Telberg
Financial Editor

NEW YORK — Restaurant issues on *Nation's Restaurant News* food-service stock list took a bath as the overall stock market drifted lower.

Declining issues outnumbered advancing issues by a 4 to 1 ratio, with 67 down, 16 up and 16 unchanged. The Dow Jones Industrial Average, in the same period, dropped from about 1202 to 1183, as the August rally became little more than a fond memory.

Seven of the top 10 percentage price losers hit 52-week lows. Kapok Corp., a Florida dinnerhouse operation, dropped 75¢, to close at $2. Concept Development, buffeted by continuing softness in the Godfather's system, lost $1.75, to close at $6.

Walt Disney led the actives list, closing down $4.50, to $59.25. It later sunk further as the Bass family consolidated their grip, reducing the chances of a hostile takeover, analysts said.

Diversifoods was up 63¢, to $11.63. Rumors circulated that Pillsbury was considering a takeover of Diversifoods. Both companies denied it.

Chi-Chi's lost $2, to close at $13.50. The company issued $50 million of convertible debentures. Priced at par, they carried a 9% coupon to Oct. 15, 2009 and is convertible at $17 worth of debentures for each common share.

Denny's, which reduced its $45-per-share going-private plan to $43 per share, rose $1.88, to $40. Analysts suggested the move improved the chances that the deal, planned since May, would be consummated.

VOLUME LEADERS

Company Name	The Week's Volume (100's)	Company Name	The Week's Volume (100's)
Disney, Walt	34,734	Denny's Inc	5,052
Diversifoods	14,781	McDonald's Cp	4,577
Chi – Chi's	8,994	Transworld	4,315
Holiday Inns	7,661	Pillsbury Co	4,077
Ramada Inns	7,503	PepsiCo Inc	3,907

TOP FIVE GAINERS

Company Name	The Week's Volume (100's)	Latest Closing Prices	% Price Change Last Week
Wstn Steer	87	11.00	+ 7.3
Churchs Fr Ch	3,495	27.75	+ 6.7
Shoney's Inc	1,114	32.38	+ 6.1
Diversifoods	14,781	11.63	+ 5.7
Frisch's	75	32.38	+ 5.3

TOP FIVE LOSERS

Company Name	The Week's Volume (100's)	Latest Closing Prices	% Price Change Last Week
Kapok Cp	132	2.00	– 27.3
Concept Dev	2,934	6.00	– 22.6
Mr Steak	41	1.63	– 18.8
Victoria Stations	1,492	4.00	– 17.9
Fast Food Oper	187	.88	– 17.6

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION				
		Two Weeks Ended Oct. 3							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin	Latest P/E Ratio	Indicated Dvd. rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)	
Name	Symbol	High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct				Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity
-	-	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	-	$	%	-	$ Mil	$ Mil	-	$	$
A&M Food Svcs	AMFD	4.75	4.63	4.63	.13	2.78	8.75	4.00	-.59	.93	-3.49	36.14	.40	-.06	S	-13.3	6.0	4.3	11.9	.00	.0	00-00-00	25.4	1.1	2.5	1.21	2.19
Acapulco Rest	ALAR	4.50	4.13	4.13	-.38	-8.33	6.63	3.88	-.09	-1.57	-4.87	10.83	-2.05	-1.90	S	-117.6	-74.0	-12.9	NE	.00	.0	01-06-81	37.9	-4.9	1.8	6.37	1.01
Allegheny Bev	ABEV	15.75	15.38	15.38	.00	.00	18.75	13.44	-.23	.12	-2.20	-.61	1.67	.00	S	.0	33.0	2.1	9.9	.40	2.6	04-06-84	526.1	10.8	1.8	30.14	10.01
Am Motor Inns	INN	21.13	20.63	20.88	.00	.00	21.75	12.50	-.05	.62	-15.45	-3.93	1.26	.01	S	.8	34.0	8.6	18.3	.16	.8	08-09-84	162.5	13.9	1.8	6.02	7.95
ARA Services	ARA	66.63	65.75	66.13	.00	.00	67.50	40.25	1.29	.51	.33	2.68	4.51	.92	N	23.0	-1.0	1.8	13.4	2.10	3.2	08-27-84	3056.6	53.7	1.1	22.33	44.24
Assoc Hosts	AHST	16.00	14.38	15.63	.75	5.04	17.00	10.50	1.07	.83	4.36	14.16	.72	.33	N	61.1	1.0	3.6	18.0	.12	.8	09-11-84	88.3	3.2	1.3	5.25	5.71
Beefsteak Char	BCS	3.25	2.88	3.00	-.25	-7.69	5.25	2.63	.03	.60	1.52	.17	-1.30	-2.34	Q	-285.3	-53.0	-7.0	NE	.00	.0	00-00-00	95.2	-6.7	1.7	3.13	3.54
Bob Evans Farms	BOBE	18.75	17.50	18.00	.00	.00	24.25	14.75	-.08	.10	-6.01	1.73	.98	.09	F	10.1	16.0	8.0	18.4	.30	1.7	08-06-84	201.7	16.1	3.0	.00	5.54
Brock Hotel Cp	BHC	4.88	4.38	4.63	.13	2.78	7.63	4.25	.03	1.19	.91	29.17	.17	-.04	S	-22.2	-10.0	.7	33.0	.10	2.2	07-05-84	319.8	2.2	.8	15.66	4.47
Calibre Cp	CLBR	5.13	4.50	4.75	-.25	-5.00	10.25	3.25	.87	-1.08	.21	-16.67	.07	-.20	S	NC	-67.0	3.2	NE	.00	.0	00-00-00	6.3	.2	.9	.60	2.12
Calny Food	CLNY	9.25	8.75	8.75	-.25	-2.78	10.75	7.25	-.10	.38	-.17	89.61	.52	.13	Q	27.6	6.0	4.8	14.6	.16	1.8	08-08-84	43.6	2.1	1.3	.66	3.76
Capt Crab Inc	CRAB	2.25	1.88	2.00	-.13	-5.88	7.13	1.63	-.82	-3.10	-.74	-9.30	.00	-.05	N	NC	-67.0	.0	NE	.00	.0	00-00-00	1.5	.0	7.5	.01	.29
Carrols Cp	CRL	9.88	8.75	8.88	-1.00	-10.13	10.88	7.13	-.10	-.85	-4.19	17.98	.68	.18	F	36.0	117.0	3.7	13.1	.05	.6	12-23-83	123.1	4.6	.8	3.66	2.42
Chi-Chi's	CHIC	15.38	13.50	13.50	-2.00	-12.90	29.00	12.50	-.58	-1.59	-2.23	25.14	.66	.26	F	65.0	121.0	10.3	20.5	.00	.0	09-28-83	161.7	16.7	2.6	1.87	1.62
Chilis Inc	CHLI	22.50	21.75	21.75	.00	.00	24.25	12.75	.43	-.22	.23	-9.70	.29	.17	N	NC	2.0	6.4	NM	.00	.0	00-00-00	31.2	2.0	1.3	1.82	.63
Ch Full O Nut	CHF	10.00	9.13	9.25	.00	.00	20.28	8.50	-.28	-.36	-.57	-36.20	.62	-.20	N	-35.7	-6.0	2.9	25.7	.48	5.2	06-29-84	111.6	3.2	2.9	.34	6.69
Churchs Fr Ch	CHU	28.25	26.13	27.75	1.75	6.73	32.50	21.25	-.03	.86	.48	-20.35	1.66	-.62	Q	-28.0	.0	6.8	17.5	.80	2.9	10-29-84	464.1	31.6	1.8	.62	11.74
Collins Foods	CF	24.63	21.25	21.25	-3.50	-14.14	25.00	14.88	-.01	-1.74	-2.86	29.27	1.77	.30	F	20.4	36.0	3.9	12.0	.24	1.1	09-24-84	393.3	15.4	2.1	7.26	11.44
Concept Dev	CDII	7.75	6.00	6.00	-1.75	-22.58	17.69	6.00	-2.61	-4.65	10.27	17.54	.06	.06	N	NC	116.0	1.3	NM	.00	.0	06-12-84	7.8	.1	1.0	.32	1.59
Consul Corp	CNSL	7.88	7.13	7.50	-.50	-6.25	18.25	7.13	-.52	-.33	-4.23	8.65	.32	.06	F	23.0	35.0	2.2	23.4	.00	.0	00-00-00	63.4	1.4	5.0	1.02	5.33
Cracker Barrel	CBRL	19.25	16.50	16.75	-2.25	-11.84	25.50	15.75	-.91	-.13	10.95	-25.88	.86	.06	N	6.8	24.0	4.4	18.0	.14	.8	09-04-84	45.7	2.0	4.1	2.64	7.33
Cucos Inc	CUCO	3.75	3.75	3.75	-.25	-6.25	5.00	3.50	-.22	.66	5.78	-13.30	.19	.19	N	NC	38.0	8.3	19.7	.00	.0	00-00-00	2.4	.2	.7	20.00	50.00
Denny's Inc	DEN	40.25	37.38	40.00	1.88	4.92	41.38	30.25	.00	.59	5.35	9.51	2.76	.22	F	8.6	16.0	3.7	14.5	.72	1.8	09-04-84	1216.0	44.7	1.7	17.92	17.17
Disney, Walt	DIS	62.75	56.50	59.25	-4.50	-7.06	68.50	45.25	.30	.92	6.85	46.29	2.70	.21	N	7.3	-3.0	7.1	19.4	1.20	2.0	09-13-84	1307.4	93.2	1.4	10.04	40.58
Diversifoods	DFDI	13.13	10.75	11.63	.63	5.68	19.25	10.50	-.42	-1.93	4.44	-39.40	.99	-.13	S	-11.7	63.0	6.8	11.9	.17	1.5	06-22-84	484.3	32.9	1.1	2.68	5.48
Dunkin Donuts	DUNK	25.00	24.63	24.75	-.13	-.50	26.25	18.13	-.05	.67	-4.46	-35.43	1.62	.25	N	15.9	23.0	10.2	13.6	.32	1.3	08-13-84	77.5	7.9	.9	5.93	9.56
El Torito Rest	ET	13.63	12.25	12.50	-1.13	-8.26	14.63	9.00	-.12	.32	-6.28	-17.49	.68	.85	S	NC	43.0	4.1	14.7	.00	.0	00-00-00	210.7	8.6	.5	4.97	4.76
Esteban Foods	ESTB	1.88	1.63	1.63	-.25	-13.33	5.00	1.63	-.58	-3.05	3.38	-8.33	.09	.09	S	NC	22.0	1.9	18.1	.00	.0	00-00-00	10.3	.2	1.3	.73	.81
Fast Food Oper	POPI	1.06	.88	.88	-.19	-17.65	2.75	.88	-.99	-1.32	1.10	5.46	.06	.01	F	20.0	59.0	4.9	14.6	.00	.0	00-00-00	6.1	.3	.7	.02	.41
Flakey Jakes	FJAK	8.00	7.38	7.38	-.63	-7.81	9.13	4.00	-.10	-.98	-1.19	-8.18	-.15	-.15	S	NC	NC	-23.1	NE	.00	.0	00-00-00	2.6	-.6	2.0	.27	1.02
Frisch's	FRS	32.38	30.88	32.38	1.63	5.28	32.94	24.00	.00	1.02	5.31	-11.03	2.21	.29	F	15.1	22.0	4.0	14.6	.40	1.2	10-01-84	124.0	4.9	1.3	5.73	14.56
Fuddruckers Inc	FUDD	14.13	12.13	12.25	-2.25	-15.52	17.50	9.25	-.20	-2.39	-5.84	40.73	.06	.02	Q	NC	7.0	2.0	NM	.00	.0	00-00-00	10.0	.2	4.9	.56	1.26
Garcias Scot	GMEX	3.88	3.38	3.50	-.38	-9.68	9.50	3.38	-.94	.69	.03	26.37	-.48	-.09	Q	NE	1.0	-6.1	NE	.00	.0	00-00-00	36.2	-2.2	.9	.55	3.61
Gen Mills	GIS	58.88	54.00	55.00	-4.00	-6.78	60.00	41.63	.15	.61	2.84	-55.61	4.98	-.55	Q	-10.5	12.0	4.2	11.8	2.24	4.1	10-03-84	5600.8	233.4	1.2	8.01	27.05
Good Taco	TACO	3.00	2.75	2.88	.00	.00	7.13	1.50	.03	-.21	.75	-50.80	-.72	-.39	Q	NE	-63.0	-187.5	NE	.00	.0	00-00-00	.8	-1.5	8.7	.04	1.56
Hambrg Hamlet	HAMB	11.00	10.75	10.75	.00	.00	11.25	9.50	.04	.46	3.41	.00	1.16	2.26	F	NE	-17.0	2.3	9.3	.00	.0	00-00-00	35.5	.8	1.1	20.17	13.49

Footnotes:

NA - Not Applicable
NC - Not Calculable
NE - Negative Earnings
NM - No Meaningful Figure
Q - First Quarter
S - First 6 Months
N - First 9 Months
F - Fiscal Year